

Senator Tom Daschle's

# Agriculture Report



Spring 2004

Dear Friends:

When I last wrote, we were continuing our fight for the fair farm and rural policies we care so deeply about. The Bush Administration's persistent opposition to helping family farmers and ranchers, and general lack of appreciation for the rural way of life, have been demonstrated on a wide array of issues, including country-of-origin labeling (COOL), trade policies, and commodity and conservation programs.

As you may recall, in early January 2004, there was a last-minute deal to undermine COOL. The House of Representatives had proposed a one-year delay in COOL implementation, while the Senate approved my amendment to implement COOL on schedule. Congressional majority leaders met in private, denying minority members of the Appropriations Committee, including Senator Tim Johnson, access to the meetings. In the dead of night, a one-sided policy was crafted to delay COOL for two years, effectively killing it.

One needs to look no farther than this example to see how things can go sour in Washington.

I continue to work with a bipartisan group of senators to find a way to undo the legislation delaying COOL, and ensure that COOL will be implemented this year. I believe country-of-origin labeling for agricultural products will convey to consumers important information about the food they purchase. It will also enhance our ability to prevent unapproved commingling of products from countries that may not be disease-free, with products from those that are. It is my hope that prices for beef labeled "born, raised and processed in the U.S." will rise and ultimately help producers in South Dakota and across the country.



*On January 7, Senator Daschle hosted a press conference with individuals representing 167 farm and consumer organizations to support country-of-origin labeling.*

COOL and other key rural issues will be a primary focus of mine during the remainder of this Congress.

Sincerely,

Tom Daschle

United States Senator

## Chinese Wheat Purchase

In December, I urged Chinese Premier Wen to take concrete steps to open Chinese markets to American goods, including the quality agricultural products produced by our farmers in South Dakota. ***I am pleased that they have now agreed to make a major wheat purchase from the U.S. — much of it to come from our state. Knowing the strength of our farmers and their products, I am confident that China will not find better wheat than what we produce in South Dakota.*** China is an increasingly important market for American products, and increased trade and cooperation between South Dakota and China can be mutually beneficial. I am hopeful that this agreement, which makes clear China's commitment to purchase at least three million metric tons of wheat — about our annual wheat production — is just the first step toward a series of contracts to buy South Dakota wheat.

## Sun Grant Initiative (SGI)

The SGI is an effort that I have fought for in Congress to promote the production of farm commodities for non-food uses, and of bio-based, value-added products. The SGI proposal can provide a major boost to these efforts.

Specifically, the SGI will identify — in the shortest time possible — new ways to convert bio-based resources into energy and other products, and strategies for making the appropriate crop varieties and value-added processes accessible to producers, businesses, and communities. ***It is my hope that the SGI will dramatically increase the options available for using agriculture to convert the sun's energy into commercially viable products, and, in so doing, secure a long-term public commitment to the economic future of rural America.***

Earlier this year, Congress approved my legislation to establish the SGI as a national consortium of five land grant universities that will act in coordination with the USDA and the Department of Energy to make grants to other universities in their respective regions. South Dakota State University will serve as the flagship center. I am also pleased that I was subsequently able to include \$108 million for SGI efforts in legislation that has been approved by the Senate, but is awaiting consideration by the House of Representatives. Unfortunately, the Bush Administration has threatened to veto this legislation, so the fate of SGI dollars is in question. I will, however, continue to push for this important program to assist rural residents and the communities in which they live.

## Australia Free Trade Agreement (FTA)

The Bush Administration has completed negotiations on a new free trade agreement with Australia. In February, I wrote a letter to the President stating my concern that the Australia FTA did not provide any significant opportunities for certain sensitive U.S. agricultural products, specifically beef and cattle.

Australia is an important ally and trading partner. They have, for example, joined with us in our military efforts in Iraq and Afghanistan. While it is important to continue our cooperative relations, I have become increasingly concerned about the negative impact that the FTA could have on rural America and, in particular, the agricultural sector of our economy.

For months, I had urged our negotiators to exclude beef and cattle from the agreement. Unfortunately, they didn't accept our suggestion, and have instead proposed that we allow the Australians additional access to our beef markets. The agreement would establish an 18-year phase-in of increased Australian access to our markets. While 18 years may seem like a long time to some people, it won't seem so long when it starts being phased in and depresses our beef and cattle industry.

Beef and cattle are both very sensitive sectors and have become even more so recently, with the BSE scare. They are more sensitively traded items because they are both perishable and have cyclical market dynamics. For these reasons, leaving beef and cattle off the table seemed to make a lot of sense to many of us.

Likewise, the U.S. dairy industry should not be faced with added unfair competition by allowing the Australians increased access to our dairy markets. This increased access is particularly troubling for South Dakota, which has been working aggressively to expand our dairy operations.

I am also concerned about the current U.S. tariffs on wool that the Bush Administration has agreed should be gradually eliminated over four years. We have a small but important lamb and wool industry in South Dakota. And anyone familiar with lamb and wool knows that this is a very import-sensitive industry. Most producers have really struggled over the last decade to simply stay in business. Finally, the Australians have again propped up their wheat through the use of the Australian Wheat Board.

South Dakota can not afford to close its doors to the rest of the world. Last year, we were the sixteenth-largest exporter of agricultural goods in the United States, selling over \$1 billion in farm products. ***However, the Australia FTA goes too far in selling out farmers and ranchers. It is bad for South Dakota, bad for our nation, and I will oppose it should it come to a vote in the Senate.***

## Soybeans and Asian Rust Disease

While Soybean Rust is not currently present in the U.S., it has been a problem in Asia and Australia for decades, and has also spread to South America. Many producers are beginning to fear that it has the potential to spread to the U.S. and negatively affect the U.S. soybean industry. Three fungicides are currently approved for use on Soybean Rust; however, manufacturers have indicated that there would not be enough to treat a nationwide outbreak.

The Environmental Protection Agency (EPA) and USDA have been engaged in discussions regarding the immediate threat of transporting Asian rust through commercial soybean shipments from South America, since the spores are easily transported by air currents and spread rapidly over wide distances. USDA's Animal and Plant Health Inspection Service (APHIS) is working to update current protocols to prevent the introduction of Soybean Rust into the United States. APHIS is also working with EPA to ensure fungicides are approved and readily available and to promote additional federal funding to expand Soybean Rust research.

I am very concerned about the risk of importing Asian Soybean Rust into the U.S. The movement of Soybean Rust into the U.S. could devastate our soybean crop and impose a heavy economic burden on American farmers and consumers. I have written a letter, along with some of my colleagues, urging the Secretary to ensure that APHIS complete the Soybean Rust risk assessment and implement a plan to prevent the importation of Soybean Rust before any soybean imports from rust-infected countries are allowed into the U.S. We cannot afford to take unreasonable risks given the adverse impact Soybean Rust would have on soybean production and growers in the U.S. ***If a temporary ban on the importation of beans from infected nations is the only answer that government can come up with in the short term, I believe that it is better than jeopardizing our entire soybean industry.***

## BSE Testing

USDA has ended its short-term investigation into the recent BSE (Bovine Spongiform Encephalopathy) incident without answering all the questions raised by the discovery of a single Canadian-born cow infected with BSE. In addition, recently, many have criticized USDA regarding the number of cattle that USDA tests per year. On March 15, USDA announced that they plan to increase BSE testing to hundreds of thousands of cattle for one year. Last year, USDA tested 20,000 of the roughly 35 million cattle slaughtered, and had recently said, that they intended to test 40,000 this year.

For nearly a year, I have called for increased BSE testing and additional research to develop a rapid BSE test for live animals. ***While I am pleased that USDA will increase BSE testing, this alone will not restore confidence in American beef. Only with country-of-origin labeling will we provide the confidence in U.S. beef that is needed to re-open our closed beef markets.*** A simple labeling program would significantly aid American producers and consumers, and I remain hopeful that the Bush Administration will reverse its longstanding objections to labeling.

## Payment Limits

In mid-March, the Senate approved the congressional budget resolution, which called for targeting farm payments to small and medium-sized farmers. ***The Federal government should not be in the business of propping up mega-farming operations. Thoughtful payment limits, such as those called for in the budget resolution, are a way to support family farmers in South Dakota and around the nation.***

The provision calls for a limit of \$40,000 for direct payments, \$60,000 for counter-cyclical payments, and \$200,000 for loan deficiency payments and marketing loan gains under the new farm bill. This mirrors language that was in the Senate version of the farm bill but was taken out in conference. Currently, 10 percent of U.S. farmers receive 60 percent of USDA farm program payments.

Over \$1.2 billion in savings from the payment limits provision could be applied toward other important agriculture programs, including the Conservation Security Program (CSP), the Environmental Quality Incentives Program (EQIP), the Wildlife Habitat Incentives Program (WHIP), the Value Added Development Grant Program, and child nutrition and welfare programs.

The Bush Administration has supported large farming conglomerates and recommended an 8-percent (\$1.7 billion) cut to the agriculture and rural budget. Senator Tim Johnson and I wrote to Senate budget policy makers, in early March, and urged against implementation of the Bush reductions. The Bush agriculture reduction was subsequently eased to a 4 percent (approximately \$850 million) cut in the Senate-passed budget bill.

# Tom Daschle Wants to Hear From You!

## Contact Senator Daschle:



*"There is no issue more important to me than ensuring the future social and economic well-being of rural communities in South Dakota and across America."*

### ***Tom Needs Your Input!***

On this page I have listed the phone numbers, addresses and Internet addresses of each of my offices. If you have any thoughts, ideas, concerns or suggestions, please take a few minutes to let me know your thoughts.

I look forward to hearing from you.

**WASHINGTON, D.C.**  
United States Senate  
Washington, DC 20510  
(202) 224-2321  
1-800-424-9094

**ABERDEEN**  
320 South First Street,  
Suite 101  
P.O. Box 1536  
Aberdeen, SD 57401  
(605) 225-8823

**RAPID CITY**  
1313 West Main Street  
P.O. Box 8168  
Rapid City, SD 57709  
(605) 348-7551

**SIOUX FALLS**  
320 North Main Avenue, Suite B  
P.O. Box 1274  
Sioux Falls, SD 57101  
(605) 334-9596

**<http://daschle.senate.gov>**